

February 21, 1977

#### LABOR AND EMPLOYMENT RELATIONS COMMITTEE PROCEEDINGS:

A meeting of the House Labor and Employment Relations Committee was held on Monday, February 21, 1977 at 10:00 a.m. in Room 225 of the State Capitol. All members were present with the exception of Reps. Brand and Teague, who were excused.

The first bill heard was House Bill 715, sponsored by Rep. Fagg. This bill would set up a merit system for state employees who save money for the state. The federal government has a similar program, as does private enterprise. The existing staff within the Dept. of Administration would come up with the program, so it wouldn't cost any money to initiate. Pete Byrnes, Chief of the Labor Relations Bureau of the Dept. of Administration spoke; see prepared statement. He prepared the fiscal note which will accompany the bill. He warned that systems of this nature, if not properly handled, can be "enormous demotivators".

The opponents to HOUSE BILL 715 then spoke, the first one was Don Judge, AFSCME, AFL-CIO. He suggested amendments to the bill. They have a problem with section 2.

The sponsor closed. He resisted the amendments, and if the bill were so amended he would not support it. Questions were then asked. The hearing was closed.

HOUSE BILL 736, sponsored by Rep. Menahan was heard. Rep. Lynch explained the bill for him, as he was unable to appear at the time. This bill asks for the right of the state to make reciprocal agreements for when it has to go out-of-state for collections. Tony Softich then spoke; see prepared statement. Ernie Post rose in support of the bill; this is one more tool to protect the wages of the employee.

There were no opponents to HOUSE BILL 736. The hearing was closed.

Rep. Lynch moved to move the hearing on HOUSE BILL 792 to the February 23 meeting of the committee; motion carried. The committee then went into executive session and considered the following bills:

HOUSE BILL 736 - Rep. Lynch moved that it DO PASS; Rep. Williams seconded the motion. Motion carried unanimously.

HOUSE BILL 715 - Rep. Turner made a DO PASS motion and Rep. Wyrick seconded it. Rep. Lynch made a substitute motion to amend the bill by striking Section 2 in its entirety and that the bill DO PASS AS AMENDED. Rep. Dassinger seconded this motion. Discussion: Rep. Sivertsen felt that eliminating that section would in effect kill the bill. Rep. Turner felt that if labor was afraid of the scrutiny then that was good reason for this study to be done. Rep. Porter felt that the bill would probably save money, and that people should not be sidetracked into thinking that it would cause the state to lose the money in the long run. This question was asked of Ernie Post, who was present. He said that bad statutory language was in the bill, but stressed that the bill would only direct that a study be done, and before anything would be implemented

the Legislature in the 1979 session would vote on it.

The question was then called for on the motion of DO PASS AS AMENDED. Motion failed, with Reps. Williams, Wyrick, Turner, Sivertsen, Ellerd, Kanduch and Porter opposed. The original motion was then voted on and carried, with three opposed and seven in favor of the motion.

HOUSE BILL 370 - Rep. Williams presented several amendments, which he said the Dept. of Labor and labor representatives were in agreement with. The sponsor is in concurrence with the amendments also. Rep. Williams then moved the amendments; Rep. Kanduch seconded the motion. The amendments were then explained in detail. Rep. Lynch wanted to know how many claimants would be eliminated under the amendments. It was agreed that fewer would be. State savings would amount to \$2 million per year. The question was then called for and the motion carried unanimously. Rep. Lynch then moved and Rep. Williams seconded that the original committee recommendation of DO NOT PASS on HB 370 be reconsidered. Motion carried. Rep. Williams then moved and Rep. Ellerd seconded that HB 370 DO PASS AS AMENDED; motion carried, with Reps. Lynch, Baeth and Dassinger opposed.

HOUSE BILL 714 was then heard. The sponsor was Rep. Waldron. He stated that this bill creates a new program in the Board of Housing, setting up a bond insurance fund to guarantee bonds for low-income housing mortgages. Investors are reluctant to invest in low-income housing because it is a high risk. The risk is lessened to a great extent if one has a reserve and that is what this bill sets up. Consequently, bonds can be sold at a lower interest rate and mortgages can be made at a lower interest rate. Some amendments were suggested at this point; they were described as "mostly housekeeping". Ernie Post, AFL-CIO, spoke next, see prepared statement. Virginia Jellison, representing herself, then spoke. She explained that she was testifying at the request of the sponsor. See attached written statement and also a handout showing the numbers of households in each legislative district considered to be low income. Cliff Christian, Montana Assoc. of Realtors, then spoke. Attempts have been made in Congress to allow savings and loans to become closer to the banking systems. What will happen if they are given the authority to go into the small loans business? Current mortgage funds will dry up; the remaining monies will go to housing. He is in full support of the bill, provided the indirect loan concept can be retained.

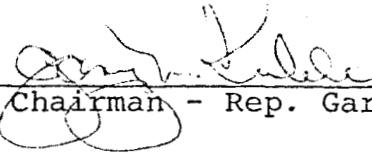
There were no opponents to HOUSE BILL 714. Kent Mollahan, Montana Board of Housing, informed the committee that the first bonds will be sold in March under the single-family program. The net cost should be about 6%, which means the money can be put to the state and turned back out at about 7 3/4%. Rep. Turner wanted to know what security there is for the bond as far as default went. It was replied that if there was a default the persons' names would simply be removed from the portfolios. The state would not be in the position of owning property as the federal government is. Rep. Sivertsen then asked a few questions. He first asked whether there was already a mechanism for setting up this fund. Mr. Mollahan explained that the act originated the fund, but didn't appropriate any money for it. Money

would have to come once the Board earned the surplus, or the state appropriated the money. In answer to an additional question, he stated that the Board of Housing would administer the program.

The hearing was then closed.

The committee then went back into executive session. The chairman reviewed the amendments to HOUSE BILL 714; Rep. Dassinger then moved the amendments and the motion was seconded. Motion carried. Rep. Dassinger then moved that HB 714 DO PASS AS AMENDED. Rep. Williams seconded it. Motion carried unanimously.

The meeting was adjourned.



Chairman - Rep. Gary N. Kimble

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Secretary